

**Economic and Social Council**

Distr.: General
19 December 2018
Original: English

Statistical Commission**Fiftieth session**

5–8 March 2019

Item 3 (f) of the provisional agenda*

Items for discussion and decision: national accounts**Report of the Intersecretariat Working Group on
National Accounts****Note by the Secretary-General**

In accordance with Economic and Social Council decision 2018/227 and past practices, the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on National Accounts, which is submitted to the Statistical Commission for discussion. In the report, the Working Group sets out progress made in addressing important conceptual issues, some of which may extend beyond the 2008 System of National Accounts (SNA), and provides a description of activities in support of Member States that are lagging behind. The Working Group also provides information on issues emerging from the implementation of SNA, in particular the outcome of the meeting of the Advisory Expert Group on National Accounts, progress with regard to the research agenda on practical issues concerning the implementation of the 2008 SNA and an update on the finalization of publications supporting the implementation of the 2008 SNA. It also contains the programme of work of the Working Group and of the regional commissions, an update on the scope and timeliness of the implementation of SNA at the country level and an update on the international coordination of regional and global data collection and data exchange activities. The Commission is invited to express its views and provide guidance on the elements of the programme of work of the Working Group.

Points for discussion by the Commission are contained in section VII of the report.

• E/CN.3/2019/1

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Report of the Intersecretariat Working Group on National Accounts

I. Introduction

1. At its forty-ninth session, held in New York from 6 to 9 March 2018, the Statistical Commission adopted decision 49/109 (see E/2018/24, chap. I.B), in which it:

(a) Welcomed the report of the Intersecretariat Working Group on National Accounts (E/CN.3/2018/10), expressed its appreciation for the activities undertaken by the members of the Working Group, the regional commissions, other regional organizations and countries to facilitate the implementation of the 2008 System of National Accounts (SNA) and supporting statistics, and endorsed the programmes of work for 2018 of the Working Group and the Advisory Expert Group on National Accounts;

(b) Welcomed the initiative of the Working Group to address important conceptual issues, some of which may extend beyond the 2008 SNA, and requested the Working Group to report to the Commission at its fiftieth session on progress in addressing issues related to globalization (including statistical units and factoryless goods producers), digitalization (including related price and productivity measures) and well-being and sustainability (within the scope of SNA), which are central to the global economy and the 2030 Agenda for Sustainable Development, and issues related to Islamic finance and the informal sector;

(c) Expressed concern at the relatively large number of Member States that are still unable to comply with the minimum required scope and detail of national accounts data, welcomed the initiative of the Working Group to step up its support to those Member States that are lagging behind, and urged those countries with a low level of compliance to develop basic source data for the compilation of national accounts that are policy-relevant and fit for purpose;

(d) Requested the Working Group to continue to issue practical guidance on issues that would facilitate the implementation of the 2008 SNA through manuals, handbooks and guidelines and the application of modern tools, approaches and technology for capacity-building (for example, e-learning) and communication tools to advance the understanding of national accounts by the general public;

(e) Noted the progress of the Statistical Data and Metadata Exchange (SDMX) data transmission mechanism for national accounts, and recognized that the implementation of the SDMX protocols by countries will facilitate data transmission and thereby significantly reduce the response burden in submitting data to international organizations.

2. In section II of the present report, progress made in addressing conceptual issues, some of which may extend beyond the 2008 SNA, is set out. Section III provides an overview of the progress of work on issues emerging from the implementation of SNA, in particular the outcome of the meeting of the Advisory Expert Group on National Accounts and an update on the finalization of publications supporting the implementation of the 2008 SNA and support provided to Member States that are lagging behind. In section IV, an overview is provided of the activities on national accounts and supporting statistics of the members of the Working Group and of the regional commissions. Section V contains an update of the scope and timeliness of the implementation of SNA at the country level. Progress on the coordination of data collection and data exchange activities is contained in section VI. Points for discussion are set out in section VII.

II. Development of the System of National Accounts

3. At its forty-ninth session, the Commission welcomed the proposed review of the relevance of the 2008 SNA for measuring new developments in the economy, as well as new socioeconomic phenomena and dimensions introduced in national and international policy frameworks, such as the 2030 Agenda for Sustainable Development.

4. The Working Group envisages a two-pronged approach to the review of the 2008 SNA in 2019: (a) undertaking technical research in prioritized and current national accounts issues; and (b) engaging in a broad consultation on the issues relating to the thematic areas of globalization, digitalization, well-being and sustainability.

Technical research

5. For the purpose of undertaking technical research, the Working Group has established a task force for the three priority areas of the SNA research agenda, taking into consideration current issues under discussion in the Advisory Expert Group on National Accounts, the list of issues presented in annex IV to the 2008 SNA and the research agendas related to balance of payments statistics, government finance statistics, environmental-economic accounting and trade and business statistics.

6. The specific objectives of the task force are:

(a) To analyse the various research agendas and propose a consolidated list of all issues, linked, where relevant, to the three priority areas;

(b) To analyse the feasibility of making progress in addressing the issues in the short to medium term (thereby identifying remaining issues for the longer term);

(c) To analyse the issues with regard to their potential impact on the current SNA (whether it concerns a clarification, interpretation or structural change and, if a structural change, how significant this would be);

(d) To analyse the issues with regard to their potential cost of implementation;

(e) To analyse the issues with regard to their potential impact on key SNA aggregates (for example, gross domestic product and gross national income).

7. The task force is focusing on technical issues, while strategic issues, including the form and road map for updating SNA, will be developed by the Working Group and informed by the work of the task force, with the objective of presenting a view on the way forward to the Commission.

8. The task force is expected to establish dedicated work streams, led by task force members, to analyse the three priority areas of research. It is expected that this work will be carried out in two phases in 2019. The first phase will be focused on the formulation of a consolidated list of issues by March 2019. The second phase will include an analysis of the research priorities so as to develop a way forward in updating the SNA, to be submitted for consideration by the Commission at its fifty-first session, in 2020.

9. A list of SNA research issues compiled by the task force, including issues relevant to balance of payments statistics, government finance statistics, environmental-economic accounting and trade and business statistics, was reviewed by the Advisory Expert Group on National Accounts at its twelfth meeting. The Advisory Expert Group reconfirmed the three priority areas for the research agenda, but also recognized that other relevant issues should also be considered. In addition, the Group recognized that within the three priority areas there are specific issues that need to be addressed first, which should be prioritized according to their relevance,

urgency and potential impact. These issues will be grouped into a limited number of work streams under each of the priority areas and guidance notes developed for each group of issues. The list of SNA research issues compiled by the task force is contained in annex I to the background document.

10. Taking into consideration guidance from the Advisory Expert Group, the task force will develop a general template for the guidance notes to ensure that all aspects of the full sequence of accounts are addressed. In particular, the guidance notes will clearly identify issues affecting the central system compared with those that would be addressed in supplementary tables or satellite accounts. The guidance notes will also assess implications for a future SNA update and the opportunities for harmonization with other domains. They will not only look at the conceptual implications, but will also address the feasibility of implementing the proposed conceptual solutions. It is expected that work on the guidance notes will commence in the second quarter of 2019.

11. The Advisory Expert Group stressed the importance of establishing coordination mechanisms for national accountants and experts from other domains, such as balance of payments statistics, government finance statistics, price statistics and business and trade statistics, and requested that the Working Group initiate the consultation with the relevant statistical expert groups.

Global user-centred consultation

12. The importance of involving a broad set of users in the discussion, including policymakers, academia and private sector representatives, was recognized by both the Working Group and the Advisory Expert Group.

13. To ensure that all countries benefit from improved national accounts standards, and notably from guidance on the priority areas, the Working Group will, during the course of 2019 and apart from the regular interaction of the Working Group organizations with their constituents, also consider the possibility of a global user conference to improve understanding of the impact of the three thematic areas. This consultation would include the users of national accounts (socioeconomic and environmental policymakers and decision-makers from government ministries, central banks, academia and the private sector) from both developed and developing countries, and would also seek to involve economic statisticians from other domains, such as business, trade and price statistics.

III. Guidance on issues emerging from the implementation of the System of National Accounts

A. Advisory Expert Group on National Accounts

14. The twelfth meeting of the Advisory Expert Group on National Accounts was held in Luxembourg from 27 to 29 November 2018. The main purpose of the meeting was to consider guidance on issues relating to the implementation of SNA and to review the SNA research agenda and establish a programme of work for resolving issues relating to globalization, digitalization and economic well-being and sustainability. Highlights of the meeting included an agreement on the way forward for advancing research on the priority areas, described in section II above, and a review of ongoing research on addressing globalization and digital economy issues and measures of well-being and sustainability, the harmonization of the compilation of national accounts and balance of payments statistics, understanding Islamic finance and the progress of the task force on statistical units. The Advisory Expert Group also

welcomed the progress of the task force on capacity-building for SNA, which is further discussed in section III.C below.

15. The conclusions of the meeting are provided in annex II to the background document and can also be accessed from the website of the Advisory Expert Group (https://unstats.un.org/unsd/nationalaccount/aeg/2018/M12_Conclusions.pdf).

B. Manuals and handbooks

16. The Working Group facilitates the development of guidance on the compilation of national accounts and supporting statistics in order to strengthen statistical capacity for compiling national accounts. Handbooks containing the guidance are available on the Working Group website (<https://unstats.un.org/unsd/nationalaccount/pubsDB.asp?pType=4>). The following handbooks were completed during 2018: *Report on Intellectual Property Products of the Joint Eurostat/OECD Task Force on Land and Other Non-financial Assets* (Organization for Economic Cooperation and Development (OECD)/Eurostat); *Handbook on the Compilation of Statistics on Illegal Economic Activities in National Accounts and Balance of Payments* (Eurostat); and *Quarterly National Accounts Manual* (International Monetary Fund). A detailed list of completed publications, publications in progress and planned publications is provided in section III of the background document.

C. Support to Member States that are lagging behind

17. The Working Group established a task force on capacity-building for SNA in 2018 to address the concerns of the Commission, expressed at its forty-ninth session, about the relatively large number of Member States that are still unable to comply with the minimum required scope and detail of national accounts data. The purpose of the task force is to support Member States in meeting the minimum requirements, targeting the least developed States, island States and fragile States with the aim of ensuring that "no country is left behind".

18. The task force aims to create a collaborative environment of trusted tools, methods, learning materials and partners for statistical capacity-building. Initial task force membership has consisted of representatives from Working Group organizations. In 2019, the membership will be expanded to include representatives from regional organizations and national statistical offices that are involved in international capacity-building efforts.

19. The Task Force commenced by taking stock of existing capacity-building efforts and tools of the current members. Results of the stocktake show that there is a wide range of activities involving a large number of countries. Each organization has also developed a set of resources, such as training materials, guidance notes and tools, to facilitate these capacity-building efforts.

20. It was agreed that the national accounts knowledge database of the Statistics Division of the Department of Economic and Social Affairs of the Secretariat would be expanded to include capacity development "tools" beyond the current catalogue of handbooks, for example, a catalogue of training materials, guidance notes and information technology tools, with support in principle for making those tools easily discoverable and accessible by sharing as much content as possible. This knowledge hub will be designed and structured with the "beginner" target audience in mind; in other words, it is set up for those beginning the process of compiling the accounts, leading users through a step-by-step process.

21. Once the knowledge hub has progressed, the task force will start filling gaps in the capacity development toolkit, with a focus on developing resources designed to support the least developed States and fragile States. In addition to the discussion on the stocktake and the development of the knowledge hub, the task force meetings will enable members to share information on new capacity-building initiatives and developments, providing an opportunity to improve coordination and collaboration between task force members.

IV. Work programmes of the members of the Intersecretariat Working Group on National Accounts and of the regional commissions

22. The Working Group and the regional commissions continue to support the implementation of SNA and other internationally agreed standards in economic statistics in accordance with the global implementation programme of the 2008 SNA and supporting statistics. As such, these activities cover various aspects of the statistical production process for national accounts as reflected in the various training workshops and seminars organized by the members of the Working Group and the regional commissions.

23. A summary of activities related to economic statistics and national accounts, undertaken in 2018 and to be undertaken in 2019, by the members of the Working Group and the regional commissions is provided in section IV of the background document.

V. Reporting of annual national accounts data

24. In accordance with the request of the Commission, the Statistics Division regularly evaluates the availability and scope of official national accounts data reported by Member States and their conceptual compliance with the recommendations of the 2008 SNA. Although the need for quarterly national accounts data to facilitate appropriate policy responses is recognized in the minimum required data set, the data are only available for 113 countries. For that reason, the evaluation is limited to the availability and scope of official annual national accounts data.

25. An analysis of replies to the United Nations national accounts questionnaire over the past 10 years indicates noticeable progress with regard to the reporting of national accounts data. The conceptual compliance of those data with either the 1993 or the 2008 SNA increased from 97 countries in 2007 to 181 countries in 2018, with 88 countries having implemented the 2008 SNA as at the end of 2018. The timeliness of reporting also improved, with 119 countries submitting data for the latest reporting year (2017) in 2018, while only 69 countries had been able to do so in 2007. Assessing the scope of national accounts data using the minimum required data set shows that countries reporting data in accordance with the data set increased from 50 in 2007 to 103 in 2018. However, there are still a relatively large number of Member States with outdated benchmark years and that do not comply with the minimum required scope and detail of national accounts data.

26. The assessment provided in section V of the background document is based on replies received to the United Nations national accounts questionnaire over the past five reporting periods (2013–2017).

VI. Coordination of data collection and data exchange activities

A. Institutional sector accounts

27. As noted in the previous report (E/CN.3/2018/10), the Group of 20 (G-20) Data Gaps Initiative has created a major momentum to improve the compilation of quarterly and annual data on institutional sector accounts. Countries continue to increase their efforts to compile the relevant data. In 2018, new data templates for the compilation and collection of institutional sector accounts were developed and endorsed by the G-20 economies. In addition to the main template with the core framework of sector accounts, in which a distinction is made between required items and encouraged items, there are two more templates, one for capturing from-whom-to-whom information showing the financial interconnectedness between sectors and countries, and another for monitoring shadow banking. The latter templates are part of the more advanced ambitions, requesting countries to provide information that is nationally available. In the course of 2019, the templates will be rolled out and discussed in forums beyond the G-20 economies.

28. After the two workshops held in Paris, from 10 to 12 April 2017 and from 14 to 16 February 2018, a third workshop will be held from 24 to 26 April 2019, again at OECD headquarters in Paris. The 2019 workshop will be focused on the drafting of an OECD guide on the compilation of institutional sector accounts. For this purpose, a survey on sources, methods and procedures used in compiling sector accounts at the national level has been initiated among the G-20 economies. The objective is to finalize the guide in the first half of 2020.

B. Statistical Data and Metadata Exchange

29. In order to streamline governance, the Ownership Group for SDMX in Macro-Economic Statistics and the Steering Group on International Data Cooperation have merged into a single group called the Ownership Group for International Data Cooperation and SDMX in Macro-Economic Statistics. The group has a dual mandate: to develop and maintain global data structure definitions for national accounts (including government finance statistics), balance of payments, foreign direct investment and consumer price indices; and to facilitate the exchange of data among international organizations. Data structure definitions for the System of Environmental-Economic Accounting will be released in 2019.

30. Continuous efforts are being made to extend the use of SDMX in the area of macroeconomic statistics. Therefore, the focus has turned to further promoting the actual use of these structures. Although expertise is growing and SDMX is picking up momentum in many regions, there is still a noticeable gap in capacity-building. More work is needed to better target domain and information technology experts in countries. The OECD SDMX Expert Group has started to work on a more streamlined capacity-building strategy, including train-the-trainers material, to boost outreach and foster sharing of knowledge and experience, including among experts.

31. The international data cooperation project is showing good progress. The first shared data set on gross domestic product, population and employment has been disseminated since 2015. Data sets on non-financial and financial sector accounts were added in 2018. Work has been initiated to share data on balance of payments. The final objectives of the initiative are to reduce the reporting burden for national institutions and to lower the data validation burden at the international level by simplifying data reporting from national to international organizations.

32. Section VI of the background document provides more information on statistical data and metadata exchange.

VII. Points for discussion

33. The Commission is invited to express its views on the following:

(a) The approach and timetable (see para. 8 above) towards advancing the research agenda, in particular on current issues of the three priority areas, namely, globalization; digitalization; and well-being and sustainability;

(b) A global user-centred consultation on the development of SNA as a conceptual framework relevant for measuring new developments in the economy as well as new socioeconomic phenomena;

(c) The set of specific initiatives to support Member States that are lagging behind in the implementation of SNA;

(d) The activities of the work programmes of the Intersecretariat Working Group on National Accounts and of the regional commissions to provide guidance, training and support for the implementation of SNA;

(e) Reporting of annual national accounts data, including the changeover to the 2008 SNA;

(f) Progress in the international coordination of data collection and data exchange activities.